

PSAB For New Finance Officers

Canadian Association of Government Finance Officers (CAGFO)

October 3rd, 2019

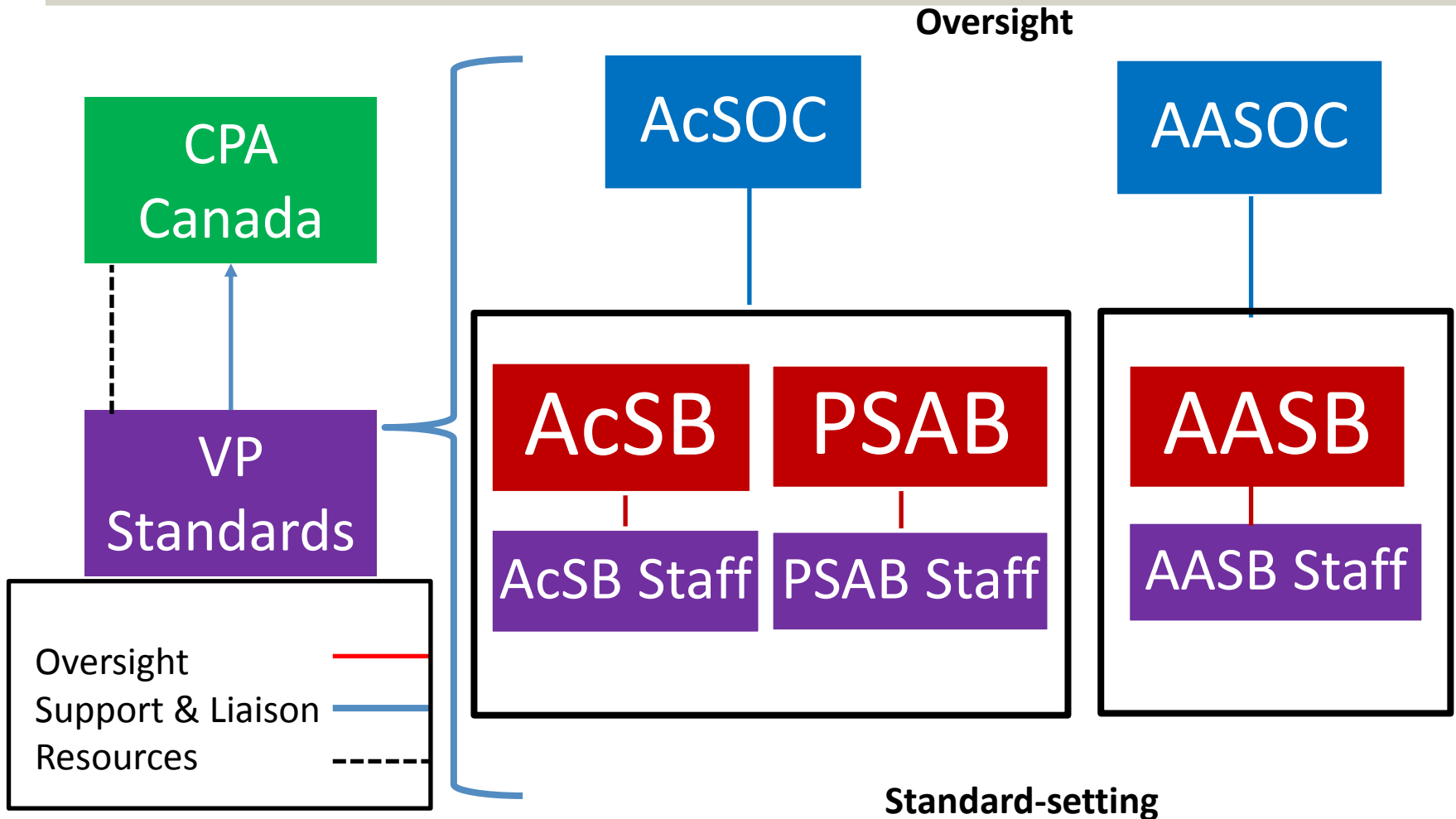
The PSA Handbook is the primary authoritative source of public sector GAAP.

The opinions stated in the presentation are those of the author and do not necessarily reflect the views of PSAB. Official positions of PSAB are established only after extensive public due process.

Agenda

- Standard Setting in Canada
- PSAB Overview
- Presentation
- Employment benefits
- Government transfers
- 2017-2021 Strategic Plan & Project Update

Standard-Setting in Canada



PSAB's Mission

- Public Sector Accounting Board (PSAB)
- Serves the public interest by establishing standards and other guidance for financial reporting by all Canadian entities in the public sector
- Supporting informed decision making and accountability for Canadian public sector entities

Public Sector Accounting Standards (PSAS)

- The objectives of financial reporting for governments and businesses are not the same
- Governments have unique characteristics – therefore financial statements do not look the same

PSAB Membership

- PSAB members are appointed by AcSOC on an annual basis
- Diverse membership ensures appropriate balance of competencies and experience

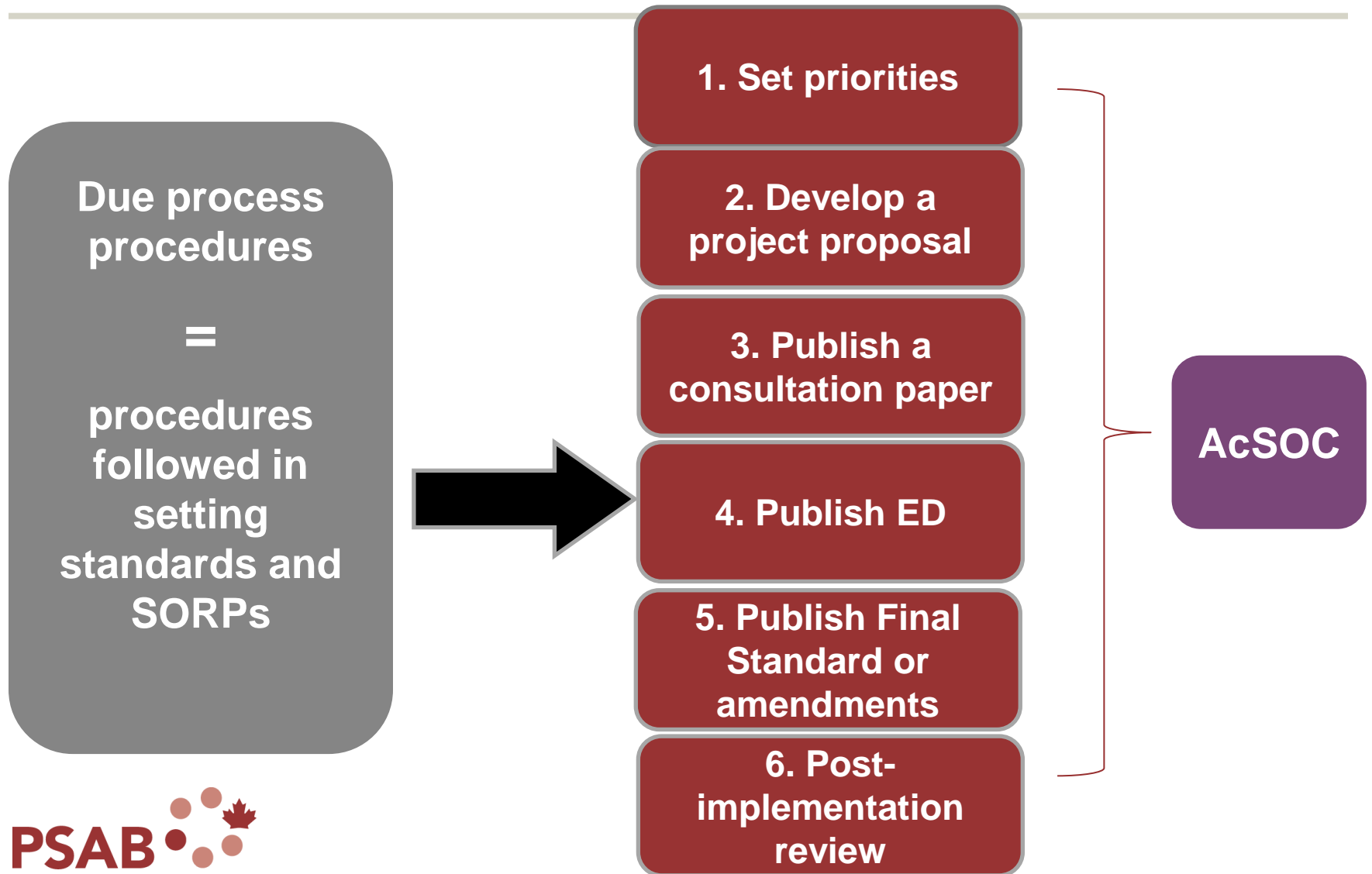
PSAB Membership

- **Charles-Antoine St-Jean** (Chair), Former Partner EY
- **Andrew Newman** (Vice-Chair), Partner, KPMG
- **Scott Monroe**, First Nation Financial Management Board
- **Bill Cox**, Partner, BDO Canada
- **Jean-Luc Ostiguy**, Partner, Deloitte (Retired)
- **Jean-Pierre Fiset**, Assistant Auditor General of Quebec
- **Joyce Bateman**, Former Member of Parliament
- **Clyde MacLellan**, Assistant Auditor General of Canada
- **Kim MacPherson**, Auditor General of New Brunswick
- **Roch Huppe**, Comptroller General of Canada
- **Tim Schuurman**, ADM, Ontario Ministry of Finance
- **Geoffrey Gatien**, Associate Deputy Minister and Controller, Government of Nova Scotia
- **Heather Taylor**, CFO and Treasurer, City of Toronto

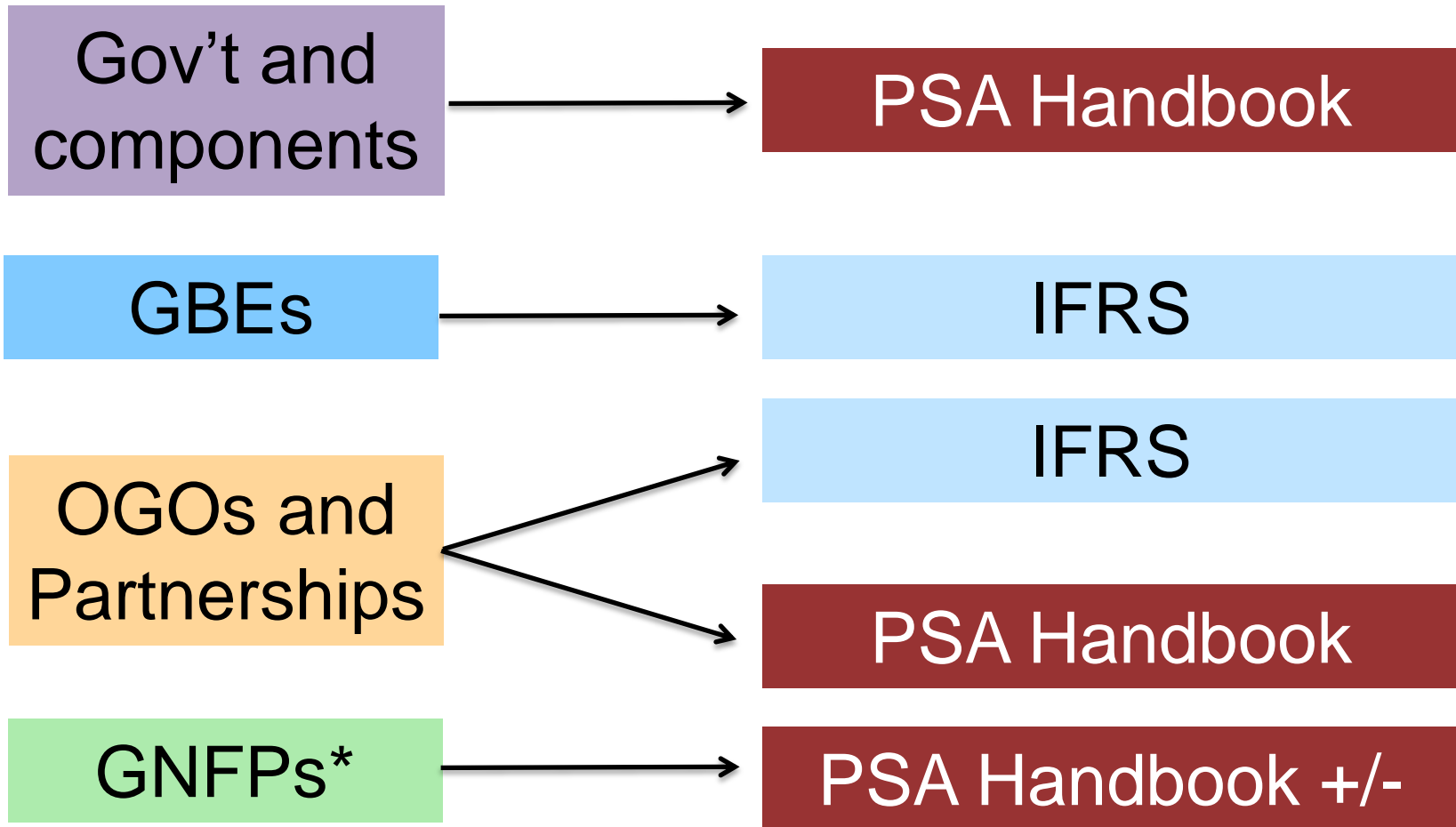
PSAB's Due Process

- Key due process principles:
 - Stakeholder consultation
 - Accountability
 - Transparency
- Revised due process approved in 2018
- AcSOC oversees activities and ensures PSAB follows rigorous due process

Due Process Overview



PSA Overview - Roadmap



Control – consolidation and modified equity

- The power to govern the financial and operating policies:
 - i. establish fundamental purpose
 - ii. direct activities on an ongoing basis
 - iii. veto, overrule or modify decisions
- Board election or appointment a criteria

Control – consolidation and modified equity

- Consolidate everything controlled except for government business enterprises
- Consolidation means the same basis of accounting
- Government business enterprises are accounted for the government using modified equity accounting – proportionate one line pick up for your share

Presentation - Position

For the year ended March 31, 201X	
Financial assets	\$ XXX
Liabilities	<u>XXX</u>
Net debt/financial assets	<u>XXX</u>
Tangible capital assets	XXX
Inventories	XXX
Total non-financial assets	<u>XXX</u>
Accumulated Surplus/deficit	<u>\$ XXX</u>

Presentation - Results

For the year ended March 31, 201X	Budget	201X	201W
Revenues	\$ XXX	\$ XXX	\$ XXX
Expenses	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Annual Surplus/Deficit	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Opening accumulated Surplus/deficit	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Closing accumulated Surplus/deficit	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

Presentation – Net Debt

For the year ended March 31, 201X	Budget	201X	201W
Annual Surplus/deficit	\$ XXX	\$ XXX	\$ XXX
Add back Depreciation, inventories and prepaid consumed	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Less capital assets and inventories acquired, amounts paid for prepaid	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Change in net debt	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Opening net debt	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Closing net debt	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

Employment Benefits

- Retirement benefits after retirement such as pensions, health care, life insurance and others
- Post-employment after employment but before retirement such as disability, severance, health care, life insurance
- Compensated employee absences parental leave, accumulated sick days

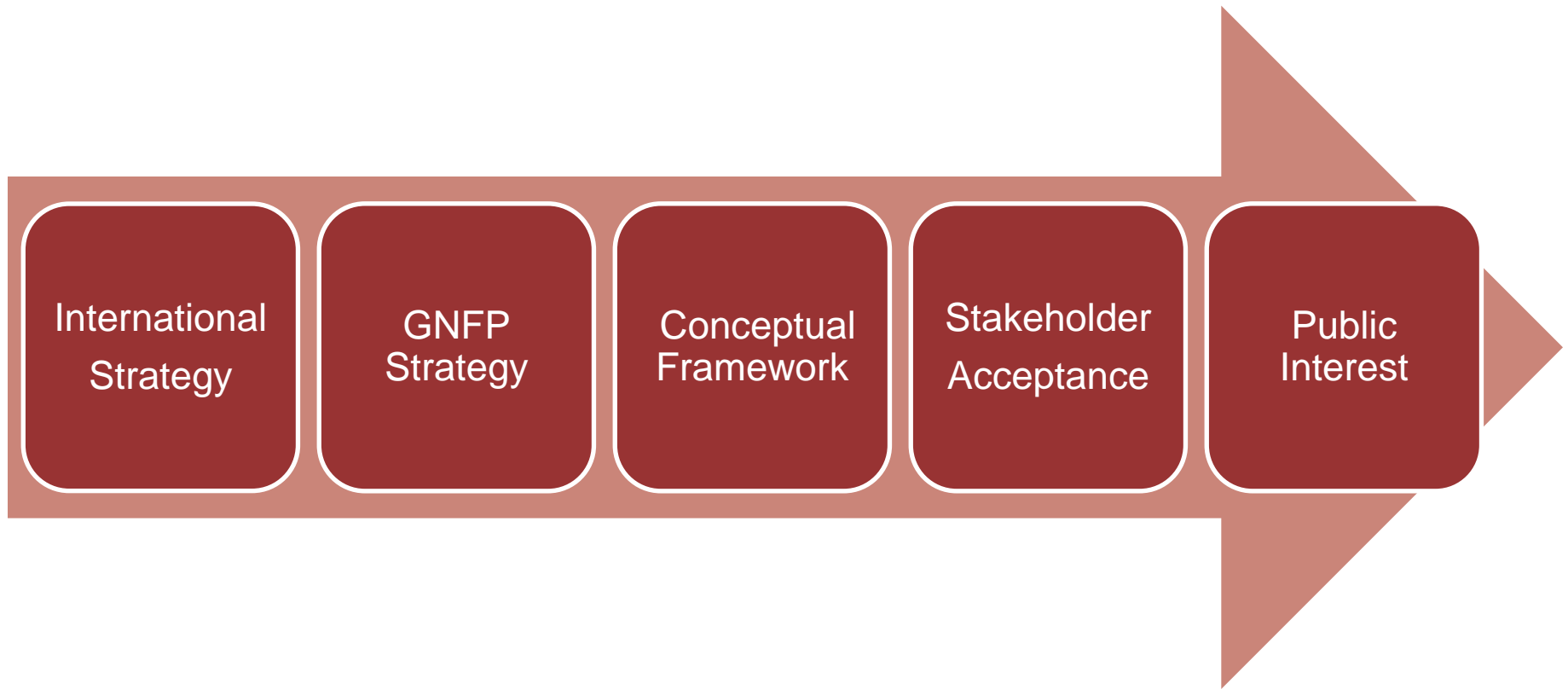
Government transfers transferor

- Government making the transfer does not:
 - i. Receive anything in return
 - ii. Expect to be repaid
 - iii. Expect a financial return
- Once \$ is transferred there is no asset
- Liable when authorized and recipient has met eligibility criteria, if any

Government transfers recipient

- Recognize asset when authorized and eligibility criteria met, if any
- Stipulations of transferor need to be considered
- May have a liability at some point if you are required to return an amount in the future
- Recognize as revenue unless liability definition is met
- As liability is satisfied revenue is recognized

2017-2021 Strategic plan



Project update

Documents	Project
Final Standard (FS)	<ul style="list-style-type: none">• Asset Retirement Obligations• Revenue
Exposure Draft (ED)	<ul style="list-style-type: none">• Conceptual Framework & Reporting Model• Employment benefits (Pensions)• Financial Instruments (Narrow Scope)• Public Private Partnerships• Purchased Intangibles• Annual Improvements
Consultation Paper (CP)	<ul style="list-style-type: none">• Review of International Strategy – CP #2• Government Not-For-Profit

Effective dates

Date	Topic
April 1, 2021	Governments and some organizations only: <ul style="list-style-type: none"><li data-bbox="542 489 1170 529">• F/S Presentation PS 1201<li data-bbox="542 546 1421 586">• Foreign Currency Translation PS 2601<li data-bbox="542 604 1277 644">• Financial Instruments PS 3450<li data-bbox="542 661 1248 701">• Portfolio Investments PS 3041
April 1, 2021	Government and Government Organizations <ul style="list-style-type: none"><li data-bbox="542 803 1619 843">• Asset Retirement Obligations, Section PS 3280
April 1, 2022	Government and Government Organizations <ul style="list-style-type: none"><li data-bbox="542 1003 1186 1043">• Revenue, Section PS 3400

PSA DG Mandate

- Established by PSAB as a regular public forum in which issues relating to public sector financial reporting can be discussed
- Group discusses:
 - ✓ Issues of application of PSA Handbook
 - ✓ Emerging issues
 - ✓ Issues on which PSAB requests advice
- Important stakeholder engagement forum

Public Sector Accounting Discussion Group (PSADG)



Public Sector Accounting Discussion Group

**LIVE
STREAMING**

**NOVEMBER 15
2019 MEETING**



Questions



For more information, visit www.frascanada.ca

Contact

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